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This is a request for filing a PROVISIONAL APPLICATION FOR PATENT under 37 CFR 1.53(c).

INVENTOR(S)					
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<input type="checkbox"/> Additional inventors are being named on the _____ separately numbered sheets attached hereto					
TITLE OF THE INVENTION (280 characters max)					
Method for Facilitated Fund-Raising through Online Digital Media Content Sales					
Direct all correspondence to: CORRESPONDENCE ADDRESS					
<input checked="" type="checkbox"/> Customer Number		23345			
OR		Type Customer Number here		Place Customer Number Bar Code Label here	
<input checked="" type="checkbox"/> Firm or Individual Name		McGuireWoods LLP			
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ENCLOSED APPLICATION PARTS (check all that apply)					
<input checked="" type="checkbox"/> Specification		Number of Pages 13		<input type="checkbox"/> CD(s), Number	
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<input type="checkbox"/> Application Data Sheet.		See 37 CFR 1.76			
METHOD OF PAYMENT OF FILING FEES FOR THIS PROVISIONAL APPLICATION FOR PATENT (check one)					
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<input checked="" type="checkbox"/> No.					
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Respectfully submitted,

SIGNATURE



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REGISTRATION NO.

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## **METHOD FOR FACILITATED FUND-RAISING THROUGH ONLINE DIGITAL MEDIA CONTENT SALES**

### **Overview**

The invention relates to business methods for fund-raising through online digital media content sales, particularly for non-profit organizations (NPOs) and other organizations (collectively, "organizations"). In embodiments of the invention, organizations will use the methods according to the invention to sell digital, downloadable music and other digital, downloadable media content to organization members and external customers, and the organization will receive a royalty or commission on each sale (possibly in the form of a tax-free donation). Although the following description specifically refers to the sale of downloaded music, methods according to the invention are intended to encompass the sale of all downloaded digital entertainment media (e.g., music videos, live concerts, full-length feature films, short films, interactive products, video games, sporting events, books, etc.).

In methods according to the invention, a facilitator, typically a third-party for-profit corporation or other entity, facilitates and manages relationships among the organizations, music labels and online music retailers. This will include, but is not limited to, negotiating financial arrangements, managing relationships, managing and tracking transactions and accounting, developing operational software and web-based portals, and coordinating the overall marketing effort among organizations and music providers. The facilitator also works with the music industry to develop an educational program about the dangers of illegal downloading. The organizations may be required to present this educational program to their members in order to partake in the fund-raising methods.

A small percent of the online revenue may also be directed to the Recording Industry Association of America (RIAA), or a similar organization, in order to ensure the support of the recording artist community as well as possible promotion of the methods by individual artists.

Participant NPOs could include, for example, groups such as the national Parent Teachers Association (PTA), Boys and Girls Club of America (BGCA), Girl Scouts of the United States of America (GSUSA), Boy Scouts of America (BSA), and Little League International (LLI) among others. These five organizations alone represent over 20 million members. However, any organization wishing to engage in fund-raising is suitable.

**Background information**

With federal, state and local funds being cut from youth and education programs across the country, organizations increasingly need to take a more active role in raising money and becoming self-sufficient. NPOs in particular need a new method for raising money that is timely, is easy and low-cost to implement, has broad appeal, provides incremental income to their organizations, and is totally in keeping with the NPO's high standards and focus on public service.

Methods according to the invention provide organizations with an alternative fundraising platform based on the phenomenal growth of online music and other digital content downloading and trading.

Methods according to the invention are unique and practical on many levels and meet all of the requirements of NPOs:

1. **Low-cost/easy-to-implement:** Mass production and distribution costs of digital music are minimal (unlike physical items or one-off fund-raising events), and there is no up-front production costs or physical inventory to maintain.
2. **Incremental income:** With extensive ties to the community, the partner NPOs will provide local and national outreach to consumers...evangelizing the inevitable distribution and format shift from CDs to digital music downloads, giving the music industry a significant spike in digital music sales – enabling the facilitator in these methods to structure partnerships with industry leaders and artists in order to direct a significant *and ongoing*

percentage of the music revenue to partner NPOs and other organizations. The net result will be millions of dollars in revenue on an ongoing basis for the NPOs.

3. **Broad appeal:** Music appeals to people of all ages, religions and cultural groups. Increasingly, people of all ages now own, operate and are comfortable with computers and the internet. However, one concern that many people still have is the use of credit cards on the internet, and this concern can be eliminated in embodiments of the invention that allow for face-to-face purchases from trusted members of the fund-raising NPO or other organization. In other embodiments of the invention, parents may be motivated to buy music online with their children using the parent's credit card, allowing parents to guide their children's music purchases. Regardless of the embodiment, the methods of the invention will be designed to support the message that file-sharing is illegal and punishable by law.
4. **Public service:** For years, the music labels have been struggling to educate and dissuade the public from illegally downloading and sharing digital music. Unfortunately, the music industry's prevention programs have largely been conducted through negative means...warnings, legal action and associated press releases.

Instead of intimidating and ostracizing, methods according to the invention will become part of the solution, reinforcing the value of digital music, and enabling organizations to benefit directly from each sale. An educational program aimed at all of the organization's members and customers to emphasize the dangers of illegal downloading will be viewed very positively by the organizations, the Artists and the Music Labels. Accordingly, educational modules or components may be provided in methods according to the invention.

**About the Music Industry**

According to the International Federation of the Phonographic Industry, Global CD sales brought in **\$28.9 billion** in revenue in 2002, down 7% from 2001. Two primary reasons for this significant decrease are an increase in online music sales and continued piracy. Following are several statistics and anecdotal facts which indicate the rapid transition from retail to online music sales.

- According to estimates from Jupiter Research, U.S. spending on online music will rise to **\$3.3 billion**, or about 26 percent of all U.S. music spending, by 2008. This is likely a conservative figure.
- Apple launched its iTunes service in April, and from that point through December 2003, Apple alone has sold **30 million songs**. Songs on iTunes sell for \$.99, and albums sell for \$9.99. In October 2003 Apple made iTunes available to PC users, and in its first week sold 1.5 million tracks. Apple is projecting **80 million song** sales in 2004.
- To encourage the change in consumer habits, Apple and Pepsi have announced a program to give away 100 million songs from February 1 to March 31 through offers inside bottle caps. Steve Jobs, President of Apple, has gone on record as saying this promotion “will go down in history as igniting the legal download market.”
- In 2003 consumers bought **3.5 million MP3 music players**, according to Jupiter Research, and its analysts expect that number to grow 50 percent a year. This is likely a conservative figure....Apple sold 730,000 iPods in December 2003 alone.
- Sales of online singles are **five times greater** than sales of singles at retail.
- To serve the music downloading market, dozens of online stores are hoping to

ride the wave. Some are independent, but many are sponsored by the biggest names in technology and retailing like Dell, Microsoft and Wal-Mart, joining a field which already includes iTunes, Napster, Buymusic.com, and others.

- The owner of Napster, once the most infamous name in copyright infringement, is trying to rebuild its reputation. Recently, Napster's parent company Roxio announced a deal with Target stores to sell packages that include the Napster software with prepaid cards for starting an online account, codes for a few free songs, and burnable compact discs bearing the Napster logo.

In sum, due to the proliferation of music download sites, the adoption of new technology and promotional tie-ins with major brands, consumer music purchasing habits are rapidly changing. Methods according to the invention may spur the transition from CD sales to music downloads by partnering with select NPOs and establishing downloads as the new currency in fundraising.

### **Program Structure**

Methods according to the invention may be implemented in any number of ways, and the precise function of the facilitator in these methods may vary with the needs of the NPO or other organization as well as the type of media to be sold, among other factors.

The following brief examples illustrate the different levels of facilitator involvement that are possible in methods according to the invention. Except for the first example, all examples include partnerships with at least one Retail Partner (iTunes, Napster, Wal-Mart, etc). Depending on the preference of the individual NPOs, any or all of these approaches could be implemented.

1. **Music Store Hosting:** In this scenario, an Original Online Music Store would be created, hosted and maintained by the facilitator at the NPO's website. This would be independent from any other online retailer of digital music.



2. **Private-branded Download Application:** With this approach, a retailer, such as Apple Computer, would create a branded version of an existing software application for digital media content sales functionally identical to the regular software version, but branded with the organization's name (e.g., in the case of Apple Computer, the iTunes software application branded with the NPO name). The branded software application may be offered as an option to new users or as an upgrade for existing users of the software. The NPO or organization may distribute the application on CD to members.
3. **Music Store Façade.** Using the façade approach, a digital content store is constructed such that it appears to the user that the service is being hosted at the organization's website. In actuality, the content/transactions will be served to the organization's website, but hosted offsite by the retail partner.
4. **Music Store Portal.** The user will simply click-through to a retail partner's store from the NPO's website. Using this configuration, it is possible for the organization's website to have links to several partners' sites.
5. **NPO Music Store within Retail Partner.** The Retail Partner will host a sub-store at its site, but branded with the NPO's name.
6. **NPO donation option.** The Retail Partner will include an NPO donation button on transaction page.
7. **NPO Codes.** The NPO's code numbers will be entered into the Retail Partner's "gift certificate" data entry field.

As was noted above, the implementation details of the methods according to the invention will be determined by all parties and will likely differ from one NPO to another. In general, the facilitator will negotiate the deals, manage the relationships, manage and track the transactions/accounting, and work with the non-profit partners to

create the best marketing and communications strategy in conjunction with the partners, the labels, artists and online retailers. These roles will be described below in more detail.

### **Other media**

In one embodiment, the methods may emphasize the sale and download of digital music. However, as was noted above, methods according to the invention may be used for other digital entertainment media such as music videos, live concerts, full-length feature films, short films, interactive products, sporting events, books, etc.

### **Definition of terms**

**Artists:** The actual performers of the music.

**Digital music download:** Music sold on the internet for use on hand-held personal players, computers, home stereo systems, automobiles, boom-boxes, etc. Digital music downloads can also be burned to compact disks (CDs).

**Facilitator:** a third-party, for-profit corporation or other entity that manages the relationships between the organizations and content providers.

**Music labels:** Businesses such as Sony, BMG, Universal, Warner Music, EMI and many others that have artists under contract, produce music, and serve as the *link* between artists and consumers.

**Online music retailer:** An online, web-based or I.P. layer (internet protocol) enabled retail outlet offering downloadable digital music for sale to consumers. Examples of this are iTunes, Wal-Mart, Napster and Buymusic.com. Typically, these retailers will offer hundreds of thousands of songs available for instant download for prices ranging from \$0.88 to \$0.99 per song and \$9.99 per album. Online retailers may also include those accessible through interactive television providers, as will be described below in more detail.

**RIAA:** Recording Industry Association of America. A trade association of Music Labels artists whose primary purpose is to protect the financial and legal interests of the music industry.

**Traditional retail outlets:** Brick and mortar retail stores offering *hard* format music for sale to consumers. These can be specialty music stores or mass merchandisers.

### Examples

The following are some specific examples of ways in which methods according to the invention may be implemented.

In a first example of a method according to the invention, the actual sales transaction is handled offline, i.e., in person or through a more traditional “brick and mortar” store. The facilitator creates, for example, paper vouchers containing codes that, when entered into an appropriate information system, are redeemable for digital media content. Before the vouchers are distributed, the facilitator may store the code numbers in a database, optionally along with information on where vouchers containing individual codes are distributed, so that once a sale is made, it can be determined what organization or individual within that organization was responsible for the sale. It should be understood that although paper vouchers may be convenient for some implementations of these methods, the codes may be distributed in any way, including network or internet-based distribution through an electronic system that enables the organization to print vouchers on demand. In other embodiments, codes or vouchers may be distributed electronically via e-mail, website, or other conventional distribution means.

Once the code has been purchased, the consumer directs a web browser to a designated website, selects the digital media content in which he or she is interested, and enters the code in lieu of credit card or another form of payment. Alternatively, the user may access a network-connected dedicated software application, as is the case, for example, with Apple’s iTunes software. The payment is processed, the sales information is sent to the facilitator, and the user is permitted to download the digital content.

In another example of a method according to the invention, codes may be distributed and purchased on compact discs or smaller “mini-CDs” which also contain software for directly linking to a content provider’s site, as well as an interactive “how-to” instructional presentation. A consumer might buy a five song (or 10 song, or 20 song, etc.) CD or “mini-CD” and insert it into their PC. An interactive software application on the CD or “mini-CD” would connect with the content provider and would guide the user through the process of setting up an account, purchasing, and using the downloaded content. The software application on the CD or “mini-CD” may be branded with the organization’s brand, and security measures may be built into the software application in order to ensure that the music purchased using the codes on the CD comports with the content standards of the organization. For example, content libraries may be constructed so as to exclude or restrict access to performers and content considered to be offensive.

Offline handling of the sales transaction allows the consumer to avoid transmitting credit card information online, and also allows for more flexible selling options, including door-to-door sales by representatives of the organization and sales of digital media content alongside traditional fundraising products, such as cookies.

The designated website described above may be implemented in any number of ways. For example, the designated website may be directly implemented as part of the NPO or other organization’s website. Alternatively, the designated website may be web content that is provided and maintained by a third party server and is configured and branded to appear to be a part of the organization’s website. If the organization does not wish for music sales to be conducted through their website, or to appear to be conducted through their website, the designated website may be a conventional retailer’s website, which would be accessed through a link on the organization’s website.

If an organization is linked to a retailer’s website, when the user activates the link to go to the retailer’s website, the organization’s web server provides information to the retailer’s web servers (e.g., by constructing a specific uniform resource locator) that indicates the identity of the referring organization and any other information necessary or desirable for sales tracking.

If the organization does not wish to host a digital content sales website, appear to host such a website, or act as a linked referrer to a retailer that does host such a website, methods according to the invention may be implemented in which a retailer's website is modified so that a user can shop directly to the retailer's website and enter an appropriate code (or check an appropriate box on a form) so that the organization receives credit for the purchase.

As was noted above, a network-connected software application may be used instead of a website. If such a software application is used, the application may be configured and content delivered in much the same way as the website content. For example, the application could access content stored on the organization's electronic systems, content stored on the facilitator's electronic systems, or content stored directly on a retailer's electronic systems. The software application may also be branded as desired, for example, with the organization's name and logo, with the facilitator's name and logo, or with the organization's name and logo in combination with other branding.

In addition to websites and network-connected software applications, interactive television services may be used to purchase and use content in methods according to the invention. Interactive television services include those in which traditional internet content is delivered on the television (such as the well-known WebTV service), and those in which content is delivered and managed by computer-based set top boxes.

Financial transaction processing may also be implemented in many ways. For example, during financial transaction processing with codes and vouchers, the designated website or interactive television link would be configured to transmit the code information to the facilitator, either instantaneously (i.e., as a part of the transaction) or on a regular basis, and the facilitator would then reimburse the retailer an appropriate amount, either immediately or on a regular basis. Alternatively, the retailer could transmit a donation or royalty directly to the organization and provide the facilitator with only the code and sales tracking information.

In other embodiments, the consumer may use credit cards, debit cards, automatic clearing house (ACH) transactions, subscription-based payment, or any other form of payment

that may be accepted electronically, to purchase digital media content. In embodiments using any of those forms of payment, the designated website or software application may be configured in any of the ways described above. The use of more direct electronic payment may provide additional flexibility, particularly for the retailer. For example, instead of being reimbursed by the facilitator, the retailer could configure a website or software application such that some designated percentage of each sale would be directed to the facilitator, either immediately as a part of the electronic transaction or on a regular basis. The facilitator would then forward a designated portion of receipts to the organization. Alternatively, as was described above, a designated portion of the receipts could be forwarded directly to the organization, with sales and tracking information being provided to the facilitator.

In addition to involvement in sales, and as was described above, the facilitator may provide the organization with a software application that includes sales tracking and educational modules.

The sales tracking module would provide the organization with a record of total receipts, and if codes or other individual tracking measures are employed, with a breakdown of sales by an individual organization member. In addition to providing sales figures, the sales module may be configured to allow for contests between individual organization members based on the sales total for each member. For example, one possible prize in such a contest would be a live performance by one or more musical artists for the winner or winning group of the contest.

The educational module would be configured to provide hands-on instruction to organization members as to how the fund-raising system is used, and may also provide on-demand printing of instructional or marketing materials for distribution to customers.

Both the educational and the sales tracking modules may be provided as stand-alone software applications, as portions of an organization's web-based intranet, or as websites or portions thereof. Additionally, the educational and sales tracking modules may be distributed on CDs or "mini-CDs." Regardless of the type of implementation, each member of the organization may have a personal ID number or log-in to enable

personalized, trackable access to the educational and sales tracking modules. The educational module may communicate with the organization's information systems or with those of the facilitator so that it can be confirmed that each member of the organization has undergone any training which might be made mandatory, including training on the software and sales techniques, as well as training on the legal implications of digital media content sharing.

Typically, depending on the particular arrangement with the organization, the facilitator would take some portion of the proceeds and would provide the rest to the organization. Additionally, as was described above, the facilitator may donate some portion of the proceeds to a media industry charity, or to the non-profit arm of an industry organization, if applicable.

The facilitator may also arrange for branded hardware and software products, such as MP3 players and music applications, to complement the fund-raising campaign for each organization. If branded hardware and software products are offered, such products may be sold in any of the ways that online content may be sold in methods according to the invention, and the both the organization and the facilitator may receive a percentage of the proceeds.

Negotiation of financial arrangements, management of relationships between organizations, retailers, and digital media content developers and coordination of the overall effort may be conducted in a traditional offline manner, depending on the needs of the parties. However, the facilitator could, for example, negotiate certain arrangements with a number of retailers and content providers without regard to any particular organization.

If the facilitator makes arrangements with content providers without regard to particular organizations, the facilitator may provide a website or other network-enabled software application that allows organizations to automatically sign up for fund-raising digital media content sales through the facilitator. The software application may first check eligibility for the program by recording responses to a number of eligibility questions and comparing the responses to an acceptable response set. Once eligibility is determined,

the application may provide for the selection of the appropriate content and terms under which that content is to be sold, identification of and set-up for the organization's selling members, identification and set-up of the sales tracking modules and any desired contests or sales incentives, and identification and set-up of the desired educational programs.